
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

**[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2003

**[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 0-20311

Interactive Data Corporation

(Exact name of registrant as specified in its charter)

Delaware
*(State or other jurisdiction of
incorporation or organization)*

13-3668779
*(I.R.S. Employer
Identification Number)*

22 Crosby Drive, Bedford, Massachusetts 01730-1402
(Address of principal executive offices)

Registrant's telephone number, including area code: (781) 687-8800

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
common stock, \$.01 par value per share

Name of each exchange on which registered
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No []

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes [X] No []

The number of shares of common stock, par value \$.01 per share, of the registrant outstanding as of May 7, 2003 was 92,127,501.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

INTERACTIVE DATA CORPORATION AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(Unaudited)
(In thousands, except per share data)

	Three Months Ended March 31,	
	2003	2002
SERVICE REVENUE	\$99,477	\$89,442
COSTS AND EXPENSES		
Cost of services	31,039	26,491
Selling, general and administrative	31,153	31,984
Depreciation	4,020	3,403
Amortization	4,117	6,204
Total costs and expenses	70,329	68,082
INCOME FROM OPERATIONS	29,148	21,360
Other income, net	510	392
INCOME BEFORE INCOME TAXES	29,658	21,752
Income tax expense	11,418	8,380
NET INCOME	18,240	13,372
Foreign currency translation adjustment	(1,393)	(1,380)
Comprehensive Income	\$16,847	\$11,992
NET INCOME PER SHARE		
Basic	\$.20	\$.15
Diluted	\$.19	\$.14
WEIGHTED AVERAGE SHARES OUTSTANDING		
Basic	91,795	90,571
Diluted	93,722	93,947

The accompanying notes are an integral part of these consolidated financial statements.

INTERACTIVE DATA CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share information)

	March 31, 2003	December 31, 2002
	(Unaudited)	
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 71,352	\$153,243
Accounts receivable, net	64,735	53,924
Prepaid expenses and other current assets	6,814	5,366
Deferred income taxes	6,462	6,487
	<hr/>	<hr/>
Total current assets	149,363	219,020
	<hr/>	<hr/>
Property and equipment, net	38,875	36,786
Goodwill	447,417	381,790
Other intangible assets, net	198,686	125,003
Other assets	2,633	2,628
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Total Assets	\$836,974	\$765,227
	<hr/>	<hr/>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable, trade	\$ 9,288	\$ 10,805
Payable to affiliates	3,785	1,789
Accrued liabilities	53,794	52,938
Income taxes payable	17,717	9,235
Deferred revenue	33,341	22,786
	<hr/>	<hr/>
Total current liabilities	117,925	97,553
Deferred tax liabilities	34,720	3,305
Other liabilities	1,724	1,626
	<hr/>	<hr/>
Total Liabilities	154,369	102,484
Commitments and contingencies (Note 8)		
Stockholders' Equity:		
Preferred stock, \$.01 par value, 5,000,000 shares authorized; no shares issued or outstanding at March 31, 2003 and December 31, 2002	—	—
Common stock, \$.01 par value	942	937
Authorized 200,000,000 shares; 94,183,600 issued and 91,983,600 outstanding at March 31, 2003 and 93,698,789 issued and 91,598,789 outstanding at December 31, 2002		
Additional paid-in capital	790,810	786,470
Treasury stock, at cost, 2,200,000 and 2,100,000 shares at March 31, 2003 and December 31, 2002, respectively	(26,980)	(25,650)
Accumulated deficit	(76,158)	(94,398)
Accumulated other comprehensive loss	(6,009)	(4,616)
	<hr/>	<hr/>
Total Stockholders' Equity	682,605	662,743
	<hr/>	<hr/>
Total Liabilities and Stockholders' Equity	\$836,974	\$765,227
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The accompanying notes are an integral part of these consolidated financial statements.

INTERACTIVE DATA CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(In thousands)
(Unaudited)

	Common Stock		Treasury Stock	Treasury Stock
	Number of Shares	Par Value	Number of Shares	Cost
Balance, December 31, 2002	93,699	\$937	2,100	\$(25,650)
Exercise of stock options	428	4	—	—
Issuance of stock in connection with employee stock purchase plan	57	1	—	—
Tax benefit from exercise of stock options and employee stock purchase plan	—	—	—	—
Purchase of treasury stock	—	—	100	(1,330)
Other comprehensive loss	—	—	—	—
Net income	—	—	—	—
Balance, March 31, 2003	94,184	\$942	2,200	\$(26,980)

[Additional columns below]

[Continued from above table, first column(s) repeated]

	Additional Paid in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
Balance, December 31, 2002	\$786,470	\$(4,616)	\$(94,398)	\$662,743
Exercise of stock options	2,402	—	—	2,406
Issuance of stock in connection with employee stock purchase plan	644	—	—	645
Tax benefit from exercise of stock options and employee stock purchase plan	1,294	—	—	1,294
Purchase of treasury stock	—	—	—	(1,330)
Other comprehensive loss	—	(1,393)	—	(1,393)
Net income	—	—	18,240	18,240
Balance, March 31, 2003	\$790,810	\$(6,009)	\$(76,158)	\$682,605

The accompanying notes are an integral part of these consolidated financial statements.

INTERACTIVE DATA CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Three Months Ended March 31, (Unaudited)	
	2003	2002
Cash flows provided by (used in) operating activities:		
Net income	\$ 18,240	\$ 13,372
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	8,137	9,607
Tax benefit from exercise of stock options and employee stock purchase plan	1,294	2,511
Deferred income taxes	2	(3,051)
Changes in operating assets and liabilities, net	6,628	(8,658)
NET CASH PROVIDED BY OPERATING ACTIVITIES	34,301	13,781
Cash flows provided by (used in) investing activities:		
Purchase of fixed assets	(1,775)	(2,894)
Acquisition of business	(115,606)	(48,000)
Other investing activities	170	170
NET CASH USED IN INVESTING ACTIVITIES	(117,211)	(50,724)
Cash flows provided by (used in) financing activities:		
Purchase of treasury stock	(1,330)	—
Proceeds from exercise of stock options and employee stock purchase plan	3,051	4,453
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,721	4,453
Effect of change in exchange rate	(702)	(291)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(81,891)	(32,781)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	153,243	118,522
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 71,352	\$ 85,741

The accompanying notes are an integral part of these consolidated financial statements.

INTERACTIVE DATA CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands except share and per share amounts)
(Unaudited)

1. Interim Condensed Consolidated Financial Statements

The accompanying unaudited condensed consolidated financial statements have been prepared by Interactive Data Corporation and its wholly-owned subsidiaries (the "Company") in accordance with generally accepted accounting principles for interim financial reporting and the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, certain information and footnote disclosures normally included in financial statements prepared under generally accepted accounting principles have been condensed or omitted pursuant to such regulations. In the opinion of management, all adjustments considered necessary for a fair presentation of the Company's financial position, results of operations and cash flows have been included. All such adjustments are of a normal recurring nature. These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2002 filed with the Securities and Exchange Commission on Form 10-K. The results for interim periods are not necessarily indicative of the results to be expected for the full year.

2. Reclassifications

Certain prior year amounts have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the Company's results of operations.

3. Acquisitions

On January 31, 2002, the Company, through its FT Interactive Data Corporation subsidiary, acquired certain assets from Merrill Lynch, Pierce, Fenner & Smith Incorporated used in its Securities Pricing Service ("SPS") business. The price paid in cash for the assets was \$48,000 and was funded from the operating cash of FT Interactive Data Corporation. In addition, FT Interactive Data Corporation incurred acquisition costs of \$1,233, consisting of severance costs and legal and accounting services. As of March 31, 2003, \$903 of the acquisition costs have been paid. The Company expects the remaining costs, which consists entirely of employee severance, to be paid by December 31, 2003.

The acquisition was accounted for using the purchase method of accounting in accordance with Financial Accounting Standard No. 141, "Business Combinations." The purchase price has been assigned to the assets acquired based on their fair values as determined by an independent third party appraisal. The intangible asset, customer lists, is being amortized over a fourteen-year period. The Company's financial statements include the results of operations of SPS subsequent to the acquisition date.

The acquisition was accounted for as follows:

Assets	
Customer lists	\$30,100
Fixed assets	772
Goodwill	17,822
Deferred tax assets	539
	<u>\$49,233</u>
Liabilities	
Accrued acquisition costs	\$ 1,233
	<u>\$48,000</u>
Total Purchase Price	\$48,000

On February 28, 2003, the Company acquired from The McGraw-Hill Companies, Inc., the stock of S&P ComStock, Inc. ("ComStock") and the assets of certain McGraw-Hill businesses in the United Kingdom, France, Australia, Singapore and Hong Kong. This acquisition provides the Company direct access to real-time market data from more than 180 stock exchanges and other sources worldwide. The acquisition also expands the Company's real-time data feed services, and provides the Company the opportunity to market Comstock's content and product to several thousand institutional customers worldwide. The price paid in cash for the assets was \$115,606 which reflects a post closing adjustment pursuant to the terms of the agreement and was funded from the operating cash of the Company. In addition, the Company incurred acquisition costs of \$1,250, consisting of severance costs and legal and accounting services. As of March 31, 2003, \$715 of the acquisition costs have been paid.

The acquisition was accounted for using the purchase method of accounting in accordance with Financial Accounting Standard No. 141, "Business Combinations." The purchase price has been assigned to the assets acquired based on their fair values as determined by an

independent third party appraisal. The intangible assets are being amortized over a period ranging from two to twenty-five-years. The Company's financial statements for the three months ended March 31, 2003 include the results of operations of ComStock, Inc. subsequent to the acquisition date.

The acquisition was accounted for as follows:

Assets	
Accounts receivable, net	\$ 6,812
Prepaid expenses and other current assets	935
Fixed assets	4,515
Customer lists	39,000
Service Contracts	16,700
Trademarks	1,700
Computer Software/Technology	20,400
Goodwill	66,880
	<hr/>
	\$156,942
Liabilities	
Accrued liabilities	\$ 6,414
Deferred revenue	2,257
Deferred tax liabilities	31,415
Accrued acquisition costs	1,250
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Total Purchase Price	\$115,606
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4. Restructuring Charges

In 2002, the Company recorded restructuring charges in the UK and US. These restructuring charges totaled \$3,320 and were primarily related to employee severance. As of March 31, 2003, the remaining restructuring accrual is \$1,295. The Company expects to complete the majority of these payments by December 31, 2003.

5. Stock Based Compensation

Employee Stock Purchase Plan

In 2002, the Company adopted an employee stock purchase plan for all eligible employees. Under the plan, shares of the Company's common stock may be purchased at six-month intervals at 85% of the lower of the fair market value on the first or the last day of each six-month period. During the three months ended March 31, 2003, employees purchased approximately 57 shares at a price of \$11.24 per share. At March 31, 2003, 1,893 shares were reserved for future issuance.

Employee Stock Option Plan

In 2000, the Company adopted the 2000 Long Term Incentive Plan (the "2000 Plan"). Under the 2000 Plan, the compensation committee of the Board of Directors can grant stock-based awards representing up to 20% of the total number of shares of common stock outstanding at the date of grant. The 2000 Plan provides for the discretionary issuance of stock-based awards to directors, officers, and employees of the Company, as well as persons who provide consulting or other services to the Company. The exercise price of options granted employees under the 2000 Plan is determined at the discretion of the Compensation Committee. The exercise price for all options granted to date has been equal to the market price of the related shares at the date of grant. Options expire ten years from the date of grant and generally vest over a three to four year period.

The Company has 8,485 stock options outstanding under its 2000 Long Term Incentive Plan as of March 31, 2003, with a weighted average exercise price of \$10.77. Of these options, 3,235 are currently exercisable and have a weighted average exercise price of \$8.21.

The Company follows Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees” (“APB No. 25”), in accounting for its employee stock option and employee stock purchase plans, rather than the fair value method of accounting provided under Statement of Financial Accounting Standards No. 123, “Accounting for Stock-Based Compensation” (“SFAS No. 123”). Under APB No. 25, the Company accounts for its employee stock options using the intrinsic value method. Under this method the Company does not recognize compensation expense on stock options granted to employees because the exercise price of each option is equal to the market price of the underlying stock on the date of the grant.

The following pro forma information presents the Company’s net income and basic and diluted net income per share for the quarter ended March 31, 2003 and 2002 as if compensation cost had been measured under the fair value method of SFAS No. 123, “Accounting for Stock Based Employee Compensation,” for the employee stock option and employee stock purchase plans.

	Three Months Ended March 31,	
	2003	2002
Net income, as reported	\$18,240	\$13,372
Deduct: Total stock based employee compensation expense determined under fair value based method for all awards net of related tax effects	(2,015)	(2,143)
Pro forma, net	\$16,225	\$11,229
Earnings per share		
Basic — as reported	\$ 0.20	\$ 0.15
Basic — pro forma	\$ 0.18	\$ 0.12
Diluted — as reported	\$ 0.19	\$ 0.14
Diluted — pro forma	\$ 0.17	\$ 0.12

6. Segment Information

The Company evaluates its segments on the basis of revenue and operating income. As a result of the acquisition of ComStock, revenues from the Company’s eSignal and broadcast business, which comprised the Company’s retail segment, will account for less than 10% of 2003 revenues. Consequently, the financial results of this segment will no longer be reported separately in our financial statements. For comparative purposes we have provided the comparable information for the first quarter of 2002.

Segment financial information is as follows (in thousands):

	Three Months Ended March 31,	
	2003	2002
Service revenue:		
Institutional	\$ 89,316	\$ 79,140
Other	10,161	10,302
Total	\$ 99,477	\$ 89,442
Income (loss) from operations:		
Institutional	\$ 35,463	\$ 28,840
Other	1,074	1,145
Corporate and unallocated (1)	(7,389)	(8,625)
Total	\$ 29,148	\$ 21,360
Identifiable assets:		
United States	\$683,461	\$638,236
Europe	147,530	121,976
Asia	5,983	5,015

Total	\$836,974	\$765,227
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(1) Corporate and unallocated loss from operations for the periods ended March 31 primarily consists of intangible asset amortization.

7. Earnings Per Share

A reconciliation of the weighted average number of common shares outstanding is as follows (in thousands, except per share amounts):

For the Three Months Ended March 31, 2003			
	Income (Numerator)	Shares (Denominator)	Per-Share Amount
Net income available to common stockholders-basic	\$18,240	91,795	\$ 0.20
Effect of dilutive securities:			
Stock options	—	1,927	(0.01)
Net income available to common stockholders-diluted	\$18,240	93,722	\$ 0.19

For the Three Months Ended March 31, 2002			
	Income (Numerator)	Shares (Denominator)	Per-Share Amount
Net income available to common stockholders-basic	\$13,372	90,571	\$ 0.15
Effect of dilutive securities:			
Stock options	—	3,376	(0.01)
Net income available to common stockholders-diluted	\$13,372	93,947	\$ 0.14

The weighted average diluted common shares outstanding for the quarters ended March 31, 2003 and 2002, respectively, excludes the dilutive effect of approximately 2,586 and 74 options, respectively, since such options have an exercise price in excess of the average market value of the Company's common stock during the fiscal quarter.

8. Commitments and Contingencies

Early in 2001, seven lawsuits were filed by various stockholders of the Company against the Company's directors, Pearson Longman plc and its subsidiary Pearson Longman, Inc. These actions have been consolidated in the Delaware Chancery Court for New Castle County under the caption *In re Data Broadcasting Corporation Derivative Litigation: Consolidated Civil Action No. 18665-NC* (the "Derivative Action"). As is usual in derivative actions, the Company is named as a nominal defendant in the Derivative Action on the theory that the plaintiff stockholders are allegedly suing on its behalf and for its benefit.

The Derivative Action challenges the Company's January 2001 sale of its 34.4% interest in MarketWatch to Pearson, the parent company of the Company's majority stockholder, as having been consummated at an allegedly inadequate price due to the supposedly undue influence of Pearson as the Company's majority stockholder. Plaintiffs seek to have Pearson and the Company's directors "account to the Company" for damages that the Company allegedly sustained by reason of an unduly low sale price.

In January 2003, counsel for all parties signed a stipulation whereby the named plaintiffs dismissed the case with prejudice as to the three independent director defendants. Should the plaintiffs elect to go forward with the action as to the remaining defendants, the Company and the remaining director defendants intend to continue to vigorously contest the allegations against them.

In November 2000, the Securities and Exchange Commission (the "SEC") began an investigation into management of two Heartland Group high-yield municipal bond funds. The Company was not named in the SEC's formal order of investigation but has cooperated fully with the SEC. The SEC staff subsequently notified us of its view that the Company may have facilitated federal securities laws violations committed by other parties and has advised us that it may recommend the commencement of an enforcement action against the Company. None of our officers, directors, or employees has been similarly so notified. The SEC staff has not identified who the other parties are or specified what their misconduct was. We understand that the SEC staff is concerned about evaluated prices for several small high-yield municipal bonds provided by the Company in March-April 2000 and in July-August 2000. We believe that our evaluations were both appropriate and consistent with our usual practices. We have informed the SEC staff as to the reasons for our belief that no action against the Company would be factually or legally warranted. If the SEC decides to proceed with an enforcement action, we would contest the matter vigorously. Irrespective of its outcome, we believe that this matter will not materially affect our results of operations or financial condition.

On a separate but related matter, shareholders of the two funds have notified us of their intention to commence an action against the

Company, even though neither the funds nor their advisor had ever chosen to do so. We understand that the shareholders' claims would be related to widely reported September and October 2000 decreases in the funds' net asset values. We do not believe that any

such action would have merit or would materially affect the Company's results of operations or financial condition.

In addition to the matters discussed above, the Company is involved in ordinary, routine litigation from time to time in the ordinary course of business with a portion of the defense and/or settlement costs in some such cases being covered by various commercial liability insurance policies. The Company does not expect that the outcome of these matters will have a material impact on its financial position or results of operations.

9. Income Taxes

The Company determines its periodic income tax expense based upon the current period income and the estimated annual effective tax rate for the Company. The rate is revised, if necessary, as of the end of each successive interim period during the fiscal year to the Company's best current estimate of its annual effective tax rate.

10. Intangible Assets

Intangible assets consist of the following:

	Weighted Average Amortization Period	Gross Carrying Value	March 31, 2003		Gross Carrying Value	December 31, 2002	
			Accumulated Amortization	Net Book Value		Accumulated Amortization	Net Book Value
Non-compete agreements	2.8 years	\$ 87,500	\$ (87,500)	\$ —	\$ 87,500	\$ (87,500)	\$ —
Securities database	3.5 years	10,792	(10,792)	—	10,792	(10,739)	53
Computer software/Technology	7.1 years	62,886	(39,632)	23,254	42,486	(39,019)	3,467
Customer lists	11.5 years	209,600	(52,500)	157,100	170,600	(49,117)	121,483
Service Contracts	24.9 years	16,700	(59)	16,641	—	—	—
Trademarks	15 years	1,700	(9)	1,691	—	—	—
Total		\$389,178	\$(190,492)	\$198,686	\$311,378	\$(186,375)	\$125,003

Estimated amortization expense:

For year ended 12/31/03	\$20,095
For year ended 12/31/04	\$21,302
For year ended 12/31/05	\$19,927
For year ended 12/31/06	\$19,652
For year ended 12/31/07	\$19,256

11. New Accounting Pronouncements

Accounting for Costs Associated with Exit or Disposal Activities

In July 2002, the FASB issued, Financial Accounting Standard No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" ("FAS 146"), which addresses financial accounting for the costs associated with exit or disposal activities. FAS 146 supersedes Emerging Issues Task Force Issue No.94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit and Activity (including Certain Costs incurred in a Restructuring)." FAS 146 is effective for exit and disposal activities that are initiated after December 31, 2002, and has been adopted by the Company, as required, on January 1, 2003. The adoption of FAS 146 did not have a material impact on the Company's financial position or results of operations.

Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others

In November 2002, the Financial Accounting Standards Board issued FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"). FIN 45 expands on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it had issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions of this Interpretation are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. The disclosure requirements in this

Interpretation are effective for financial statements of interim or annual periods ending after December 15, 2002. The adoption of this Interpretation did not have a material impact on the Company's financial position or results of operations.

Accounting for Stock Based Compensation — Transition and Disclosure

In December 2002, the FASB issued Financial Accounting Standard No. 148 ("FAS 148"), "Accounting for Stock Based Compensation — Transition and Disclosure, an amendment of FASB Statement No. 123." FAS No. 148 amends FAS No. 123, "Accounting for Stock-Based Compensation", to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, FAS No. 148 amends the disclosure requirements of FAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. As provided for in FAS No. 123, the Company has elected to apply Accounting Principles Board ("APB") No. 25 "Accounting for Stock Issued to Employees" and related interpretations in accounting for stock based employee compensation plans. APB No. 25 does not require employee stock options to be expensed when granted with an exercise price equal to the fair market value. The Company has complied with the disclosure requirements of FAS 148.

Consolidation of Variable Interest Entities

In January 2003, the FASB issued FASB Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities". This interpretation provides guidance on the identification of, and financial reporting for, entities over which control is achieved through means other than voting rights; such entities known as variable-interest entities (VIEs). FIN 46 will be the guidance that determines whether consolidation is required under the controlling financial interest model of Accounting Research Bulletin No. 51 (ARB 51), Consolidated Financial Statements, or other existing authoritative guidance, or, alternatively, whether the variable-interest model under FIN 46 should be used to account for existing and new entities. The disclosure requirements in this Interpretation for VIEs created before February 1, 2003 are effective for financial statements of interim or annual periods beginning after June 15, 2003. The disclosure requirements in this Interpretation for VIEs created after January 31, 2003 are effective immediately. The adoption of FIN 46 did not have a material impact on the Company's financial position or results of operations.

INTERACTIVE DATA CORPORATION AND SUBSIDIARIES

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (in thousands)

General

The Company primarily supplies financial and business information to institutional and retail investors worldwide. The Company is a leading provider of time sensitive pricing (including evaluated pricing), dividend, corporate action and descriptive information for more than 3.5 million securities. The Company also provides fixed income portfolio analytics, consulting and valuation services to institutional fixed income portfolio managers. At the core of the business are its extensive database expertise and technology resources.

The Company distributes real-time, end of day and historically archived data to customers through a variety of services featuring Internet, dedicated line, satellite and dialup delivery protocols. Through a broad range of strategic alliances, the Company provides links to leading financial service and software companies offering trading, analysis, portfolio management and valuation services.

The services provided by the Company include the following:

FT Interactive Data provides a wide range of high quality financial information to trading houses, custodians and fund managers worldwide. The financial information collected, generated and distributed includes pricing, descriptive and corporate action information on securities from all over the world.

CMS BondEdge® provides fixed income analytical tools and models designed for investment managers, broker dealers, insurance companies and bank and pension fund managers.

eSignal offers real-time, Internet and broadcast delivered subscription quote service primarily for active and professional traders offering charts, news, research, decision support tools and alerts direct to a laptop, PC or telephone.

ComStock, which was acquired in February 2003, provides a real-time information service, including worldwide financial data, news, historical information and software applications.

Market trends:

In the first quarter of 2003, market conditions for the Company's core market, the financial services industry, remained difficult against a backdrop of continuing economic and political uncertainty. However, the main FT Interactive data business continued to experience a high level of cancellations primarily attributable to cost cutting across financial institutions. The Company had hoped to see signs of the focus on cost cutting abating, however, this did not happen. In addition, the Company saw a decline in the level of discretionary spending where an element of a client's subscription is based upon levels of portfolio activity. The Company continues to believe that much of the data supplied by the Company is mission critical to its customers and needed for their operations regardless of market conditions, but the Company is not immune to the severe cost pressures being experienced by its client base. The Company continues to invest in services that address fixed income securities as asset managers continue to move investments out of equities into fixed income instruments.

There is a continuing trend in North America for major financial institutions to outsource their back office operations to service bureaus and custodian banks. The Company has established relationships with, and is a major data supplier to, many service bureaus and custodian banks, and expects to benefit from their growth. Another trend in North America is the consolidation of financial institutions. When institutions merge, they look to gain synergies by combining their operations, thereby removing the need for two feeds of "same source" data, which accounts for some of the higher than normal cancellations mentioned previously.

Growth in the institutional market is dependent on the Company's ability to continue to expand its data content offerings to meet the needs of its clients. This will include continuing to expand the coverage of premium priced fixed income data sets and the launch of new services such as the Company's "Fair Value Information Service", which is primarily oriented toward mutual funds. In addition, the Company will continue to look to expand its market share in the European market, although the Company expects current difficult market conditions will slow this effort as customers take longer to make purchase decisions. Purchasing decisions in North America are also expected to take longer.

The eSignal service continues to strengthen its position as a leading financial data provider primarily for retail and professional investors. The Company continued to experience net growth in subscribers in the first quarter of 2003. The source of the new subscribers continued to be from distribution channels which generated incremental revenues at a lower rate than from direct customers. Although the number of subscribers has increased substantially, per subscriber revenue declined.

The Company acquired from The McGraw-Hill Companies, Inc. the stock of S&P Comstock, Inc. and the assets of certain ComStock

related McGraw-Hill businesses in the United Kingdom, France, Australia, Singapore and Hong Kong for \$115,606 which reflects a post closing adjustment pursuant to the terms of the agreement on February 28, 2003. The Company funded this acquisition from its existing cash resources.

ComStock, a real-time information service, provides worldwide financial data, news, historical information and software applications. This acquisition provides the Company direct access to real-time market data from more than 180 stock exchanges and other sources worldwide. The acquisition also expands the Company's real-time datafeed services, and provides the Company the opportunity to market ComStock's content and product to several thousand institutional customers worldwide.

RESULTS OF OPERATIONS
SELECTED FINANCIAL DATA (In thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31, 2003	Three Months Ended March 31, 2002
SERVICE REVENUE	\$99,477	\$89,442
COSTS AND EXPENSES		
Cost of services	31,039	26,491
Selling, general and administrative	31,153	31,984
Depreciation	4,020	3,403
Amortization	4,117	6,204
Total costs & expenses	70,329	68,082
INCOME FROM OPERATIONS	29,148	21,360
Other income, net	510	392
INCOME BEFORE INCOME TAXES	29,658	21,752
Income tax expense	11,418	8,380
NET INCOME	\$18,240	\$13,372
NET INCOME PER SHARE		
Basic	\$.20	\$.15
Diluted	\$.19	\$.14
WEIGHTED AVERAGE SHARES OUTSTANDING		
Basic	91,795	90,571
Diluted	93,722	93,947

Three Months Ended March 31, 2003 Compared to Three Months Ended March 31, 2002

Revenue for the Company increased from \$89,442 in the first quarter of 2002 to \$99,477 in the comparable period in 2003, an increase of 11.2%. The 2003 revenue growth included one month's results from the acquired ComStock business 5.6% and favorable foreign exchange movements 2.4% and underlying revenue growth in the core business 3.2%. Revenue for the FT Interactive Data business increased by 6.4% with the majority of the growth coming from the main US market 5.5%, favorable foreign exchange movements 3.0%, mainly against the UK pound sterling, being partially offset by lower European revenues 3.5%. The growth in the US business came from higher redistributor and usage revenues in addition to continued success in sales in the fixed income area and sales of the "Fair Value Information Service".

Cancellations remained at a relatively high level throughout the first quarter as clients looked to consolidate services. The small decline in the European business reflects the continuing pressure on the Financial Services industry in the main UK market. The Company's CMS BondEdge division grew revenue by 7.5% with stronger new business being recorded 4.6%. eSignal's revenues grew by 6.5% over the first quarter of 2002 with the number of subscribers growing by 37%, albeit at a lower average revenue per subscriber. We continue to see strong growth in providing data feeds to other active trader tools, which increases subscriber levels but at a lower monthly subscription rate. The Company's broadcast business declined by 57% or \$851, as expected, due to customers migrating to alternative information sources including the Company's Internet service. This anticipated decline in the broadcast business is expected to continue.

Cost of services increased by 17.2% from \$26,491 in the first quarter of 2002 to \$31,039 in the first quarter of 2003. The main reasons for the increase are the inclusion of one month of ComStock 7.4%, adverse movements in expenses denominated in foreign currencies 2.6%, investments in expanding our fixed income content 2.1%, and investments in streamlining our business by eliminating out of date operating systems 1.6%, with the balance being due to normal growth in expenses. Cost of services as a percentage of revenue increased from 29.6% in the first quarter of 2002 to 31.2% in the same period of 2003. The main reasons for this increase were the investments previously discussed.

Selling, general and administrative expenses decreased by 2.6% from \$31,984 in the first quarter of 2002 to \$31,153 in the first quarter of 2003. The main reason for this decrease was the large proportion of non recurring costs booked in the first quarter 2002. The 2002 non recurring costs included transition services and retention bonuses relating to the acquisition of the SPS business, some expenses recorded in the first quarter relating to an acquisition that did not occur and royalty arrangements that expired in 2002.

Selling, general and administrative expenses as a percentage of revenue decreased from 35.8% in the first quarter of 2002 to 31.3% in the first quarter of 2003 as a result of the above factors.

Depreciation expense increased from \$3,403 in the first quarter of 2002 to \$4,020 in the first quarter of 2003, an increase of 18.1%. The increase was due to the inclusion of depreciation relating to ComStock 8.6% and higher capital expenditure in the second half of 2002. Amortization expense declined (33.6%) from \$6,204 in the first quarter of 2002 to \$4,117 in the first quarter of 2003. The decrease was due to amortization being complete on certain intangible assets created as a result of prior acquisitions being partially offset by amortization relating to intangibles from the recently acquired ComStock business.

Income from operations increased from \$21,360 in the first quarter of 2002 to \$29,148 in the first quarter of 2003, an increase of 36.5%. The increase in income from operations was due to the improved operating results discussed above.

Income before taxes increased from \$21,752 in the first quarter of 2002 to \$29,658 in the first quarter of 2003 reflecting the higher income from operations and higher other income. Other income increased from \$392 in the first quarter of 2002 to \$510 in the first quarter of 2003, reflecting the higher average invested cash balance.

The Company's effective tax rate remained constant at 38.5% in both the first quarter of 2002 and 2003.

The Company generated net income of \$18,240 in the first quarter of 2003 compared with net income of \$13,372 in the first quarter of 2002. This improvement was primarily due to the higher income from operations discussed above.

The Company generated basic net income per share of \$0.20 and diluted net income per share of \$0.19 in the first quarter of 2003, as compared with basic net income per share of \$0.15 in the first quarter of 2002 and diluted net income per share of \$0.14 in the first quarter of 2002.

Weighted average basic shares outstanding increased by 1.4% to 91,795 in the first quarter of 2003 over the comparable period in 2002 primarily due to the additional shares issued as a result of employee stock option and employee stock purchase plan activity and weighted average diluted shares decreased by 0.2% to 93,722 in the first quarter of 2003 when compared to the comparable period in 2002.

Liquidity and Capital Resources

Cash provided by operating activities increased from \$13,781 in the first quarter of 2002 to \$34,301 in the first quarter of 2003. The increase from 2002 to 2003 was due to the higher net income combined with an increase of \$15,286 as a result of changes in operating assets and liabilities. This increase was due to a higher tax provision as a result of the increased income before taxes, lower income tax payments in part due to the payment of an audit assessment in 2002, lower pension fund payments and a large outflow in 2002 relating to 2001 accruals.

The Company's capital expenditures declined from \$2,894 in the first quarter of 2002 to \$1,775 in the first quarter of 2003. The decrease was due to the higher level of capital expenditure in the final quarter of 2002 combined with a slow down in capital spending pending the completion of the acquisition of ComStock in February 2003.

In 2002, the Company acquired the SPS business from Merrill Lynch, Pierce, Fenner & Smith, Incorporated. The consideration was \$48,000 in cash. The acquisition closed on January 31, 2002. The consideration was paid from the existing cash resources of the Company. On February 28, 2003, the Company completed its acquisition of ComStock for \$115,606 which reflects a post closing adjustment pursuant to the terms of the agreement, in cash. The Company funded this acquisition from its existing cash resources.

In the first quarter of 2003, the Company repurchased an additional 100 outstanding shares at an aggregate price of \$1,330. The Company received \$3,051 in the first quarter of 2003 from the exercise of stock options, compared with \$4,453 in the comparable period in 2002.

Management believes that the cash generated by operating activities will be sufficient to meet the cash needs of the Company. The Company currently has no long-term debt.

Income Taxes

The Company recognizes future tax benefits or expenses attributable to its taxable temporary differences, net operating loss carry forwards. Recognition of deferred tax assets is subject to the Company's determination that realization is more likely than not. Based on taxable income projections, management believes that the majority of the recorded deferred tax assets will be realized.

Inflation

Although management believes that inflation has not had a material effect on the results of its operations during the past three years, there can be no assurance that the Company's results of operations will not be affected by inflation in the future.

Seasonality and Market Activity

The Company has not experienced any material seasonal fluctuations in its business. However, financial information market demand is largely dependent upon activity levels in the securities markets. In the event that the U.S. financial markets were to suffer a prolonged period of investor inactivity in trading securities, the Company's business could be adversely affected. The degree of such

consequences is uncertain. Exposures in this area are somewhat mitigated by the Company's service offerings in non-U.S. markets.

Recently Issued Accounting Pronouncements

Accounting for Costs Associated with Exit or Disposal Activities

In July 2002, the FASB issued Financial Accounting Standard No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" ("FAS 146"), which addresses financial accounting for the costs associated with exit or disposal activities. FAS 146 supersedes Emerging Issues Task Force Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit and Activity (including Certain Costs incurred in a Restructuring)." FAS 146 is effective for exit and disposal activities that are initiated after December 31, 2002 and has been adopted by the Company, as required, on January 1, 2003. The adoption of FAS 146 did not have a material impact on the Company's financial position or results of operations.

Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others

In November 2002, the FASB issued FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"). FIN 45 expands on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it had issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions of this Interpretation are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. The disclosure requirements in this Interpretation are effective for financial statements of interim or annual periods ending after December 15, 2002. The adoption of this Interpretation did not have a material impact on the Company's financial position or results of operations.

Accounting for Stock Based Compensation — Transition and Disclosure

In December 2002, the FASB issued Financial Accounting Standard No. 148 ("FAS 148"), "Accounting for Stock Based Compensation-Transition and Disclosure, an amendment of FASB Statement No. 123." FAS No. 148 amends FAS No. 123, "Accounting for Stock-Based Compensation", to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, FAS No. 148 amends the disclosure requirements of FAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. As provided for in FAS No. 123, the Company has elected to apply Accounting Principles Board ("APB") No. 25 "Accounting for Stock Issued to Employees" and related interpretations in accounting for stock based employee compensation plans. APB No. 25 does not require employee stock options to be expensed when granted with an exercise price equal to the fair market value. The Company has complied with the disclosure requirements of FAS 148.

Consolidation of Variable Interest Entities

In January 2003, the FASB issued AFSB Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities". This interpretation provides guidance on the identification of, and financial reporting for, entities over which control is achieved through means other than voting rights; such entities known as variable-interest entities (VIEs). FIN 46 will be the guidance that determines whether consolidation is required under the controlling financial interest model of Accounting Research Bulletin No. 51 (ARB 51), Consolidated Financial Statements, or other existing authoritative guidance, or, alternatively, whether the variable-interest model under FIN 46 should be used to account for existing and new entities. The disclosure requirements in this Interpretation for VIEs created before February 1, 2003 are effective for financial statements of interim or annual periods beginning after June 15, 2003. The disclosure requirements in this Interpretation for VIEs created after January 31, 2003 are effective immediately. The adoption of this interpretation did not have a material impact on the Company's financial position or results of operations.

Information Regarding Forward-Looking Statements

From time to time, including in this quarterly report on Form 10-Q, the Company may issue forward-looking statements relating to such matters as anticipated financial performance, business prospects, strategy, plans, critical accounting policies, trends, technological developments, new products, research and development activities and similar matters. The Private Securities Litigation Reform Act of 1995 and federal securities law provide a safe harbor for forward-looking statements. The Company notes that a variety of factors, including known and unknown risks and uncertainties as well as incorrect assumptions, could cause the Company's actual results and experience to differ materially from the anticipated results or other expectations expressed in the Company's forward-looking statements. Some of the factors that may affect the operations, performance, development and results of the Company's business include the following:

The Company competes against companies with greater financial resources. The Company operates in highly competitive markets in

which it competes with other distributors of financial and business information and related services. The Company expects competition to continue to be rigorous. Some of the Company's competitors and potential competitors have significantly greater financial, technical and marketing resources than the Company does. These competitors may be able to expand product offerings and data content more effectively and to respond more rapidly than the Company to new or emerging technologies, changes in the industry or changes in customer needs. They may also be in a position to devote greater resources to the development, promotion and sale of their products. Increased competition in the future could limit the Company's ability to maintain or increase its market share or

maintain its margins, and could have a material adverse effect on the Company's business, financial condition or operating results.

A prolonged outage at one of the Company's data centers could have a material adverse impact on revenues. The Company's customers rely on the Company for time sensitive, reliable and up-to-date data. The Company's business is dependent on its ability to rapidly and efficiently process substantial quantities of data and transactions on its computer-based networks and systems. The Company's computer operations and those of its suppliers and customers are vulnerable to interruption by fire, earthquake, power loss, telecommunications failure, terrorist attacks, wars and other events beyond the Company's control. The Company maintains back-up facilities to seek to minimize the risk that any such event will disrupt operations. In addition, the Company maintains insurance for such events, however, the business interruption insurance the Company carries may not be sufficient to compensate the Company fully for losses or damages that may occur as a result of such events. Any such losses or damages incurred by the Company could have a material adverse effect on the Company's business. Although the Company seeks to minimize these risks as far as commercially reasonable through controls and back-up data centers, there can be no assurance that such efforts will be successful in all cases.

The inability to maintain relationships with key suppliers and providers of market data or service bureaus and custodian banks could result in a material adverse effect on the results of operations. The Company currently depends on key suppliers for the data it provides to its customers. Some of this data is exclusive to such suppliers and cannot be obtained from other suppliers. In other cases, although the data may be available from secondary sources, the secondary source may not be as adequate or reliable as the primary or preferred source. Further, there can be no assurance that the Company could obtain replacement data from an alternative supplier without undue cost and expense, if at all. The Company generally obtains data via license agreements. The disruption of any relationship or the termination of any license with a major data supplier, such as the New York Stock Exchange, could materially disrupt the Company's operations and lead to a material adverse impact on results of operations. Part of the Company's strategy is to serve as a major data supplier to service bureaus and custodian banks and thereby to benefit from the trend of major financial institutions in North America outsourcing their back office operations to such entities. If this trend shifts or any of these relationships falter the Company's results of operations could be adversely impacted.

A decline in activity levels in the securities markets could lower demand for the Company's services. The Company's business is dependent upon the health of the financial markets and the participants in those markets. Financial information market demand is somewhat dependent upon activity levels in the securities markets. In the event that the U.S. or international financial markets suffer a prolonged downturn that results in a significant decline in investor activity, the Company's revenue levels could be adversely affected.

Consolidation of financial services within and across industries could lower demand for the Company's products and services. As consolidation occurs and synergies are achieved, the number of potential customers for the Company's products and services decreases. This consolidation has two forms: consolidations within an industry (such as banking) and across industries (such as consolidations of insurance, banking and brokerage companies). When two companies that separately use the Company's products and services combine, they may terminate the use of some of the Company's products and services that become duplicative. The Company has experienced higher than normal cancellations as a result of such trend in recent years and can give no assurance that such consolidation and cancellations will not continue. A large number of cancellations or lower utilization resulting from consolidations could have a material adverse effect on the Company's revenues.

New or enhanced product offerings by competitors or technologies could cause the Company's services to become obsolete. The Company operates in an industry that is characterized by rapid and significant technological changes, frequent new products, services, data content and coverage enhancements and evolving industry standards. Without the timely introductions of new products, services and data content and coverage enhancements, the Company's products and services will likely become technologically obsolete or inadequate over time, in which case the Company's revenue and operating results would suffer. The Company expects its competitors to continue to improve the performance of their current products and services, to enhance data content and coverage and to introduce new products, services and technologies. These competitors may adapt more quickly to new technologies, changes in the industry and changes in customers' requirements than we can. If the Company fails to anticipate customers' needs and technological trends accurately, the Company will be unable to introduce new products and services into the market to successfully compete. If the Company is unsuccessful at developing and introducing new products and services that are appealing to customers with acceptable prices and terms and available timely, the Company's business and operating results would be negatively impacted because the Company would not be able to compete effectively and its ability to generate revenues would suffer. In addition, new products, services, data content and coverage that the Company may develop and introduce may not achieve market acceptance.

Failure to successfully integrate the ComStock business and any other business or product line the Company acquires could adversely affect the Company's future results of operations. The success of any acquisition depends in part on the Company's ability to integrate the acquired company. The process of integrating acquired businesses may involve unforeseen difficulties and may require a disproportionate amount of management's attention and financial and other resources. In particular, the integration of the operations of ComStock could present a significant challenge to the Company's management. The integration process is continuing and will proceed for at least eighteen months. The Company can give no assurance that it will ultimately be able to effectively integrate and manage the operations of any acquired business, in general, and ComStock, in particular. Nor can the Company give assurance that it will be able to maintain or improve the historical financial performance of ComStock or other acquisitions. The failure to successfully integrate cultures, operating systems, procedures and information technologies could have a material adverse effect on the Company's results of operations.

Pearson has the ability to control the Company. Pearson owns approximately 60% of the Company's outstanding common stock. Accordingly, Pearson has the ability to exert significant influence over the management and affairs of the Company, including the ability to elect all of the directors and to approve or disapprove any corporate actions submitted to a vote of the Company's

stockholders.

The foregoing discussion of risks, uncertainties, and assumptions is by no means complete but is designed to highlight important factors that may impact the Company's results.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

A portion of the Company's business is conducted outside the United States through its foreign subsidiaries and branches. The Company has foreign currency exposure related to its operations in international markets where it transacts business in foreign currencies and, accordingly, the Company is subject to exposure from adverse movements in foreign currency exchange rates. The Company's foreign subsidiaries maintain their accounting records in their local currencies. Consequently, changes in currency exchange rates may impact the translation of foreign statements of operations into U.S. dollars, which may in turn affect the Company's consolidated statements of operations. The Company's primary exposure to foreign currency exchange rate risks rest with the UK Sterling to US Dollar exchange rate due to the significant size of the Company's operations in the United Kingdom.

The Company does not enter into any hedging or derivative arrangements and the Company does not hold any market risk sensitive instruments for investment or other purposes.

The Company currently invests excess cash balances in money market accounts. These accounts are largely invested in U.S. Government obligations and investment grade commercial paper; accordingly, the Company is exposed to market risk related to changes in interest rates. The Company believes that the effect, if any, of reasonable near-term changes in interest rates on the Company's financial position, results of operations, and cash flows will not be material.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

The term "disclosure controls and procedures" is defined in Rules 13a-14(c) and 15d-14(c) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These rules refer to the controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within required time periods. Within 90 days prior to the filing date of this Form 10-Q (the "Evaluation Date"), the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's chief executive officer and chief financial officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based upon that evaluation, the chief executive officer and chief financial officer have concluded that, as of the Evaluation Date, such disclosure controls and procedures were effective in ensuring that required information will be disclosed on a timely basis in the Company's reports filed under the Exchange Act.

(b) Changes in Internal Controls.

The Company maintains a system of internal accounting controls that are designed to provide reasonable assurance that the Company's transactions are properly recorded, that the Company's assets are safeguarded against unauthorized or improper use and that the Company's transactions are properly recorded and reported. As part of the evaluation of the Company's disclosure controls and procedures, the Company evaluated its internal controls. There were no significant changes to the Company's internal controls or other factors that could significantly affect the controls subsequent to the Evaluation Date, nor were any corrective actions taken with regard to any significant deficiencies or material weaknesses.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

- a. The following exhibits are furnished as part of this report:

99.1 Certification of Chief Executive Officer

99.2 Certification of Chief Financial Officer

- b. Reports on Form 8-K:

On March 14, 2003, the Company filed a Current Report on Form 8-K, under Items 2 and 7, regarding its purchase of S&P ComStock, Inc. from The McGraw-Hill Companies, Inc. on February 28, 2003.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INTERACTIVE DATA CORPORATION
(Registrant)

Dated: May 14, 2003

By: /s/ STUART J. CLARK

Name: Stuart J. Clark
President and Chief Executive Officer

Dated: May 14, 2003

By: /s/ STEVEN G. CRANE

Name: Steven G. Crane
Chief Financial Officer

CERTIFICATIONS

I, Stuart J. Clark, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Interactive Data Corporation.
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 14, 2003

/s/ Stuart J. Clark

Name: Stuart J. Clark
President and Chief Executive Officer
(principal executive officer)

CERTIFICATIONS

I, Steven G. Crane, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Interactive Data Corporation.
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 14, 2003

/s/ Steven G. Crane

Name: Steven G. Crane
Chief Financial Officer
(principal accounting officer)